



INDEPENDENT TELEPHONE & TELECOMMUNICATIONS ALLIANCE

August 15, 2012

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, DC 20554

**Re: *Ex Parte* Communication: WC Docket No. 06-122; CC Docket Nos. 96-45, 98-171, 97-21; GN Docket No. 09-51**

Dear Ms. Dortch:

On August 14, 2012, Genevieve Morelli, President of the Independent Telephone & Telecommunications Alliance (“ITTA”) and the undersigned met with Nicholas Degani, wireline legal advisor to Commissioner Pai, to discuss ITTA’s position in the above-referenced proceedings relating to the wholesale/resale certification process.

There is general consensus within the industry that the current wholesale/resale certification process is not working.<sup>1</sup> Not only is it administratively burdensome for wholesale carriers, it also creates incentives for resale customers to provide inaccurate certifications to avoid Universal Service Fund (“USF” or “the Fund”) line item charges. In addition, there is longstanding uncertainty and confusion regarding wholesale carriers’ obligations when it is later determined that resale provider revenues were incorrectly categorized, as noted in the pending petition filed by AT&T, CenturyLink, SureWest, and Verizon<sup>2</sup> seeking clarification in connection with the Wireline Competition Bureau’s *TelePacific Order*.<sup>3</sup>

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<sup>1</sup> See, e.g., Letters from Alan Buzacott, Verizon, to Marlene H. Dortch, FCC, WC Docket No. 06-122 (filed Aug. 6, 2012); Letter from Mary C. Albert, COMPTel, to Marlene H. Dortch, FCC, WC Docket No. 06-122 (filed Aug. 1, 2012).

<sup>2</sup> *In the Matter of Request for Review of a Decision of the Universal Service Administrator and Emergency Petition for Stay by U.S. Telepacific d/b/a Telepacific Communications*, Petition for Clarification or in the Alternative for Partial Reconsideration of AT&T Inc., CenturyLink, SureWest Communications, and Verizon, WC Docket No. 06-122 (filed June 1, 2010).

<sup>3</sup> *In the Matter of Request for Review of a Decision of the Universal Service Administrator and Emergency Petition for Stay by U.S. Telepacific d/b/a Telepacific Communications*, Order, WC Docket No. 06-122 (rel. Apr. 30, 2010).

The Commission's Further Notice of Proposed Rulemaking seeking input on comprehensive reform of the USF contributions system ("Contributions Reform FNPRM") acknowledges problems with the current wholesale/resale certification process and asks for comment on a replacement system.<sup>4</sup> As set forth in its reply comments in this proceeding, ITTA endorses Cincinnati Bell's reform proposal. Cincinnati Bell's proposal constitutes the simplest solution to eliminate the burdens associated with the Commission's current wholesale-resale certification requirements and would provide greater certainty to contributors and USAC.<sup>5</sup> Under Cincinnati Bell's approach, the resale customer would provide the wholesale carrier with its Form 499 ID and the wholesale carrier would check this against the Form 499 Filer ID database to identify whether the resale customer is in fact a contributor. If the ID database indicates that that reseller contributes to the Fund, the wholesale carrier is not obligated to contribute on the basis of the telecommunications it sells to the reseller. It is the reseller's responsibility to contribute to the Fund on an accurate basis.

The approach that the Commission proposes in the Contributions Reform FNPRM – *i.e.*, to require service-specific certifications – presents a number of practical problems.<sup>6</sup> Among other things, it would be incredibly time-consuming and burdensome for carriers to implement as they would likely have to track and report on a circuit-specific basis, which would require extensive changes to current ordering, billing, and reporting systems. Moreover, it would necessitate myriad changes to "fix" a short-term problem that would largely disappear should the Commission require broadband Internet access services to contribute to the Fund.

If the Commission nevertheless decides to adopt the approach suggested in the Contributions Reform FNPRM, it must give carriers sufficient time to adopt the new system and specific guidance on how to implement it to avoid uncertainty and confusion.

At a minimum, the Commission should grant the petition filed by AT&T, CenturyLink, SureWest, and Verizon and clarify that wholesale carriers are not required to restate revenues or incur liability if it is later discovered that a resale customer has misreported its contribution obligations or that its certification is invalid.

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<sup>4</sup> *In the Matter of Universal Service Contribution Methodology; A National Broadband Plan for Our Future*, Further Notice of Proposed Rulemaking, WC Docket Nos. 06-122, GN Docket No. 09-51, ¶ 143 (rel. April 30, 2012) ("Contributions Reform FNPRM").

<sup>5</sup> Reply Comments of the Independent Telephone & Telecommunications Alliance, WC Docket No. 06-122, *et al.* (filed Aug. 3, 2012).

<sup>6</sup> Contributions Reform FNPRM at ¶ 168.

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Please do not hesitate to contact the undersigned with any questions regarding this submission.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Micah Caldwell", written in a cursive style.

Micah M. Caldwell  
Vice President, Regulatory Affairs

cc: Nicholas Degani